

ASHEVILLE COMMUNITY PROFILE

Community Description

The City of Asheville, with a population of 75,948, comprises an area of approximately 43.4 square miles in Western North Carolina. Asheville is the regional center for manufacturing, transportation, health care, banking, professional services, and shopping. The City is the county seat of Buncombe County, the largest city in Western North Carolina, and the eleventh largest city in the State. Asheville is nestled between the Blue Ridge and Great Smoky Mountains and located astride the French Broad and Swannanoa Rivers. The City is surrounded by lush mountains, many with elevations above 5,000 feet.

Recreational opportunities abound in the Asheville area with approximately 16% of the region's area designated as public or recreational. The Biltmore Estate, George Vanderbilt's 19th century estate, comprises over 8,000 acres just outside the city limits. The Blue Ridge Parkway is also headquartered in Asheville. The City also has a strong historic preservation program. This assistance in the preservation of downtown housing and historic structures has created a truly unique and vibrant urban atmosphere in downtown Asheville.

Asheville's natural and architectural beauty, moderate climate, strong job market, and outstanding educational and health care facilities make it one of the most attractive locations in the United States. Asheville is consistently ranked high among the best places to live, work and retire. The City's long-range planning is directed toward preserving this area's high quality of life, so that it shall remain one of the "best places."

Form of City Government

The City of Asheville, which was incorporated in 1797, operates under a Council/Manager form of government. The six-member City Council and the Mayor are elected at-large for staggered terms of four years. City Council, which acts as the City's legislative and policy-making body, selects the City Manager, who is the City's chief administrator and is responsible for implementing the policies and programs adopted by the City Council. The City's 1,000-person workforce provides basic City services including fire and police protection, planning and economic development, public works (streets, traffic, solid waste and stormwater services), parks and recreation, and water.

Statistical Information

Year Established

| | |
|-----------------|------|
| Asheville | 1883 |
| Buncombe County | 1792 |

Size (square miles)

| | |
|-----------------|------|
| Asheville | 43.4 |
| Buncombe County | 660 |

Climate

| | |
|----------------------|----------|
| Avg. Yearly Temp. | 55.6 F |
| Avg. Yearly Rainfall | 47.07 in |
| Avg. Yearly Snowfall | 13.3 in |
| Avg. Elevation | 2,165 ft |

Police Protection

| | |
|---------------------------------|---------|
| Number of Stations | 2 |
| Number of Police Personnel | 242 |
| Number of Patrol Districts | 3 |
| Number of: | |
| Calls for Service Dispatched | 102,281 |
| UCR Part I Crimes Reported | 4,748 |
| UCR Part I Crimes Cases Cleared | 1,288 |
| Traffic Accidents Investigated | 3,738 |

Utilities

| | |
|--|--------------|
| Miles of Streets | 373.48 |
| Number of Street Lights | 9,809 |
| Number of City-Maintained Intersections | 62 |
| Miles of Water Mains | 1,625 |
| Treatment Plants | 3 |
| Water Service Connections | 50,903 |
| Fire Hydrants | 3,228 |
| Daily Avg. Consumption of Water (gal) | 21.4 million |
| Max. Daily Capacity of Treat. Plants (gal) | 43.5 million |

Fire Protection

| | |
|---------------------------------|--------|
| Number of Stations | 9 |
| Number of Fire Personnel | 228 |
| Number of Calls Answered | 13,777 |
| Number of Inspections Conducted | 3,290 |

Culture & Recreation

| | |
|---------------------|-----|
| Community Centers | 11 |
| Parks & Playgrounds | 42 |
| Park Acreage | 700 |
| Swimming Pools | 3 |
| Tennis Courts | 22 |

ASHEVILLE COMMUNITY PROFILE

Demographic Information

(Source: U.S. Census Bureau, American Factfinder 2006; Geographic Area: City of Asheville, unless otherwise indicated. The Asheville Metropolitan Statistical Area includes the following counties: Buncombe, Haywood, Henderson, & Madison.)

Population (State Est. as of 7/06)

| | |
|-----------------------------|---------|
| City of Asheville | 75,948 |
| Buncombe County | 221,320 |
| Asheville Metro. Stat. Area | 398,543 |

Population Growth 2000-2006

| | |
|-------------------|-------|
| City of Asheville | 10.3% |
| Buncombe County | 7.3% |

| <u>Age</u> | <u>Number</u> | <u>Percent</u> |
|---------------|---------------|----------------|
| Under 5 years | 3,956 | 5.2% |
| 5-9 | 4,578 | 6.0% |
| 10-14 | 4,220 | 5.6% |
| 15-19 | 4,059 | 5.3% |
| 20-24 | 5,177 | 6.8% |
| 25-34 | 13,068 | 17.2% |
| 35-44 | 9,829 | 12.9% |
| 45-54 | 9,878 | 13.0% |
| 55-59 | 4,441 | 5.8% |
| 60-64 | 3,833 | 5.0% |
| 65-74 | 5,378 | 7.1% |
| 75-84 | 5,113 | 6.7% |
| 85+ years | 2,417 | 3.2% |
| Median Age | 39.2 | |

| <u>Race</u> | <u>Number</u> | <u>Percent</u> |
|-------------------------------|---------------|----------------|
| White | 61,306 | 80.7% |
| Black or African American | 11,256 | 14.8% |
| Other | 3,386 | 4.5% |
| Hispanic or Latino (any race) | 5,223 | 6.9% |

| <u>Households</u> | <u>Number</u> | <u>Percent</u> |
|------------------------|---------------|----------------|
| Total | 35,872 | |
| Family Households | 18,704 | 52.1% |
| Non-Family Households | 17,168 | 47.9% |
| Average Household Size | 2.24 | |
| Average Family Size | 3.07 | |

| <u>Housing Occupancy</u> | <u>Number</u> | <u>Percent</u> |
|--------------------------|---------------|----------------|
| Total Housing Units | 40,878 | |
| Occupied Housing Units | 35,872 | 87.8% |
| Vacant Housing Units | 5,006 | 12.2% |
| Homeowner Vacancy Rate | 1.7% | |
| Rental Vacancy Rate | 6.6% | |

| <u>Housing Tenure</u> | <u>Number</u> | <u>Percent</u> |
|-------------------------------|---------------|----------------|
| Occupied Housing Units | 35,872 | |
| Owner-Occupied Housing Units | 20,324 | 56.7% |
| Renter-Occupied Housing Units | 15,548 | 43.3% |

| <u>Sex</u> | <u>Number</u> | <u>Percent</u> |
|------------|---------------|----------------|
| Male | 34,480 | 45.4% |
| Female | 41,468 | 54.6% |

Other Demographic Information

(Source: Asheville Area Chamber of Commerce)

Public Schools

| | |
|-------------------------------|-------|
| Number of Elementary Schools | 6 |
| Number of Middle/High Schools | 2/1 |
| Total Student Enrollment | 3,826 |

Medical

| | |
|----------------|---------|
| Hospitals/Beds | 3/1,668 |
| Doctors | 762 |
| Dentists | 143 |

Area Colleges & Universities

| | <u>Enrollment</u> |
|--|-------------------|
| University of North Carolina-Asheville | 3,348 |
| Western Carolina University | 7,600 |
| Mars Hill College | 1,036 |
| Warren Wilson College | 775 |
| Montreat College | 416 |
| Asheville-Bunc. Tech/Comm College | 5,900 |

Housing

| | |
|--|-----------|
| Avg. Price of Area Homes Sold (4/2008) | \$278,690 |
|--|-----------|

ASHEVILLE COMMUNITY PROFILE

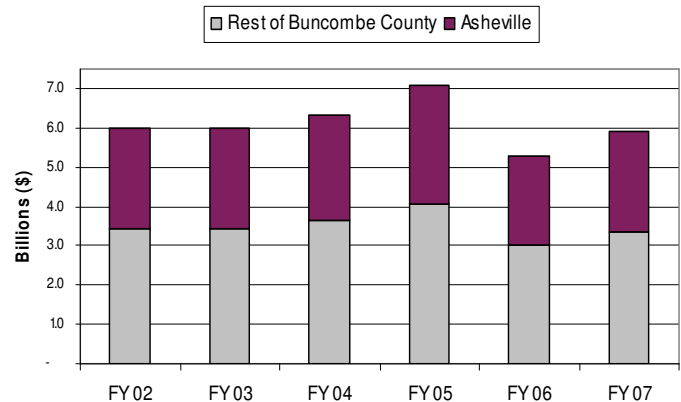
Economic Indicators

Growth in many of the City's revenues depends on the state of the economy. When the economy is expanding, revenues are up, and when the economy slows, revenues react accordingly. Given this relationship, key economic indicators, such as retail sales, unemployment rates, job growth, construction starts and hotel/motel sales are helpful in assessing why revenues are either up or down, and how they might be trending in the future. Although the City's revenues are most directly impacted by the local economy, trends in North Carolina and across the nation are also important.

Retail Sales (Source: N.C. Department of Revenue)

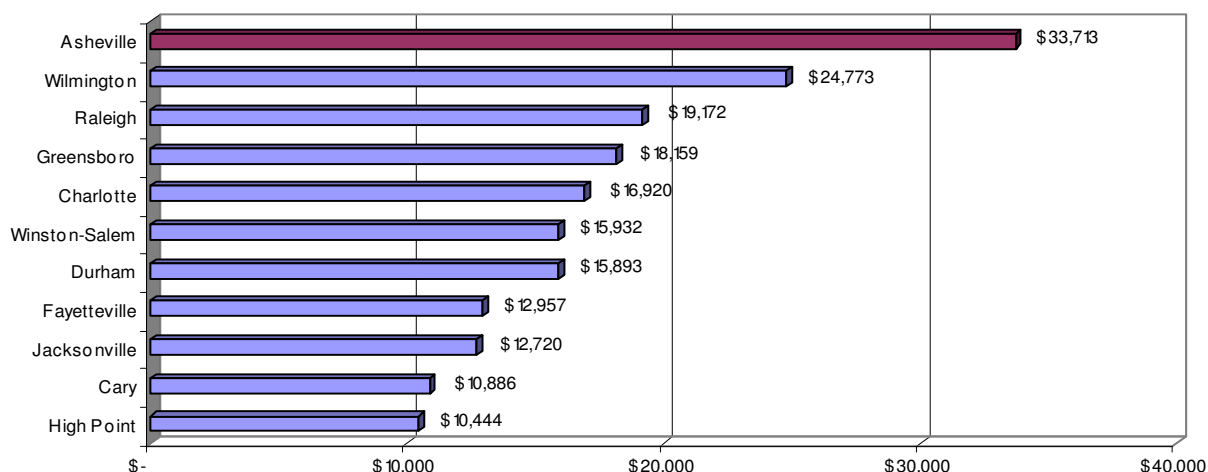
Buncombe County Retail Sales

| | | <u>% Growth</u> |
|----------|---------------|-----------------|
| FY 96-97 | 2,914,171,587 | 5.57% |
| FY 97-98 | 3,081,052,389 | 5.73% |
| FY 98-99 | 3,211,541,498 | 4.24% |
| FY 99-00 | 3,244,933,551 | 1.04% |
| FY 00-01 | 3,385,178,057 | 4.32% |
| FY 01-02 | 3,431,308,897 | 1.36% |
| FY 02-03 | 3,443,728,087 | 0.41% |
| FY 03-04 | 3,652,735,132 | 6.07% |
| FY 04-05 | 4,052,113,042 | 10.93% |
| FY 05-06 | 3,002,061,125 | N/A |
| FY 06-07 | 3,336,213,094 | 11.13% |



In addition to being an important indicator of overall local economic health, Buncombe County retail sales activity also directly impacts the City's general fund budget through sales tax receipts. Between FY 96-97 and FY 98-99, retail sales countywide grew at an average annual rate of 5.18%. However, the economic recession and its lingering effects caused retail sales growth to slow substantially between FY 99-00 and FY 02-03, with annual growth averaging only 1.78% over this time period. Retail sales rebounded in FY 03-04 and FY 04-05 and has continued to grow through FY 06-07. Due to a change in the way the State calculates retail sales, FY 05-06 data is not comparable to prior years.

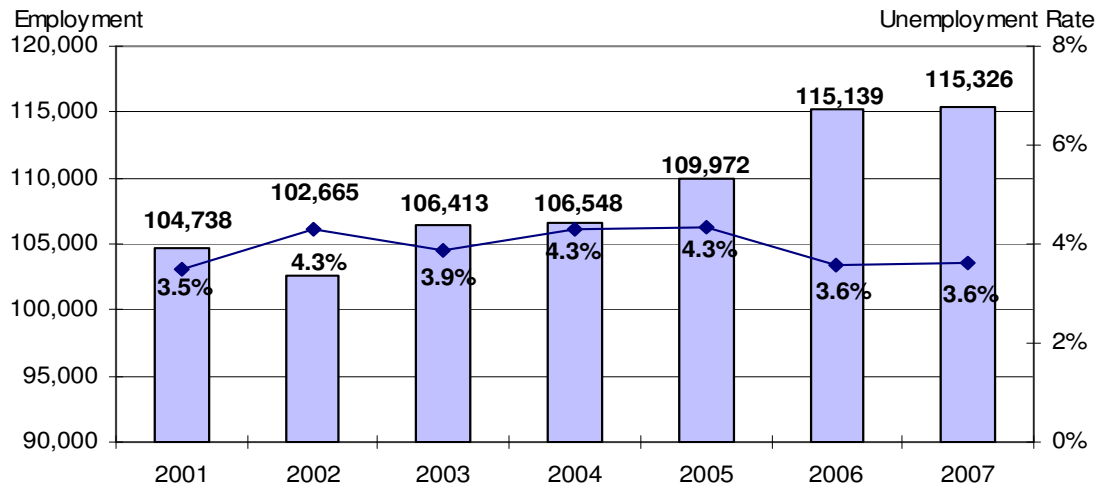
Per Capita Retail Sales for North Carolina's Eleven Largest Cities FY 2006-07



Of the \$3.3 billion in retail sales recorded in Buncombe County during FY 2006-07, \$2.6 billion or 77% of those sales occurred within the City of Asheville. Among the eleven largest cities in North Carolina, Asheville had the highest level of retail sales per resident in FY 2006-07. This data reflects Asheville's position as the regional economic center for Western North Carolina. Asheville's high level of retail sales per resident is also likely associated with Asheville's status as a tourist destination.

ASHEVILLE COMMUNITY PROFILE

Labor Market Trends (Sources: N.C. Employment Security Commission & the Asheville Area Chamber of Commerce)



Buncombe County Workforce

| Largest Employment Sectors (NAICS) | % of Employment | Employment Growth | | |
|---------------------------------------|-----------------|-------------------|-----------------|----------|
| | | Year | Avg. Employment | % Change |
| Health Services & Private Education | 16.7% | 1998 | 102,171 | -1.23% |
| Government (federal, state and local) | 15.2% | 1999 | 102,931 | 0.74% |
| Leisure & Hospitality | 13.5% | 2000 | 104,617 | 1.64% |
| Retail Trade | 13.3% | 2001 | 104,738 | 0.12% |
| Manufacturing | 12.1% | 2002 | 102,665 | -1.98% |
| Professional & Business Services | 9.9% | 2003 | 106,413 | 3.65% |
| Construction | 7.0% | 2004 | 106,548 | 0.13% |
| Financial Activities | 3.5% | 2005 | 109,972 | 3.21% |
| Wholesale | 3.1% | 2006 | 115,139 | 4.70% |
| Transportation & Utilities | 2.7% | 2007 | 115,326 | 0.16% |
| Information | 1.3% | | | |

The unemployment rate is a critical indicator of relative strength in the local economy. The unemployment rate fell in 2006 and remained flat through 2007. As of April 2008, the county's unemployment rate stood at 4.1%. Local unemployment rates are below both the statewide (5.1%) and national (4.8%) unemployment rates.

Between 1997 and 2007, the total employment in Buncombe County increased by 11,882 jobs or 11.5%. Asheville is currently experiencing employment growth rates above both the state and national averages. In 2007, average Buncombe County employment increased by 0.16%, reaching an all-time high of 115,326.

The County's leading industry in terms of employment is health care & private education, which employed 28,900 people in 2007. Other leading industry sectors include government, leisure & hospitality, and retail trade. Together these four sectors accounted for approximately 59% of all Buncombe County jobs in 2007. Despite the fact that it remains the fifth largest industry sector in Buncombe County, the manufacturing sector has experienced a significant decline in recent years. Over the last seven years, local manufacturing employment has declined 24%.

According to the U.S. Bureau of Labor Statistics, the average annual pay in the Asheville Metropolitan Statistical Area (MSA) in 2006 was \$33,210. Asheville's MSA average annual pay was below both the state (\$35,520) and national (\$39,190) averages. The MSA's 2006 average was 93.5% of the state average and 84.7% of the national average.

ASHEVILLE COMMUNITY PROFILE

Labor Market Trends (Sources: Asheville Area Chamber of Commerce & N.C. Department of Commerce)

Major Buncombe County Employers

| Employer | Employment | Employer | Employment |
|--------------------------------|-------------|---------------------------------|-------------|
| Mission Health & Hospitals | 3,000+ | VA Medical Center | 1,000-2,999 |
| Buncombe County Public Schools | 3,000+ | The Biltmore Company | 1,000-2,999 |
| Ingles Markets, Inc. | 3,000+ | Wal-Mart Stores, Inc. | 1,000-2,999 |
| Buncombe County | 1,000-2,999 | The Grove Park Inn Resort & Spa | 1,000-2,999 |
| City of Asheville | 1,000-2,999 | CarePartners | 750-999 |

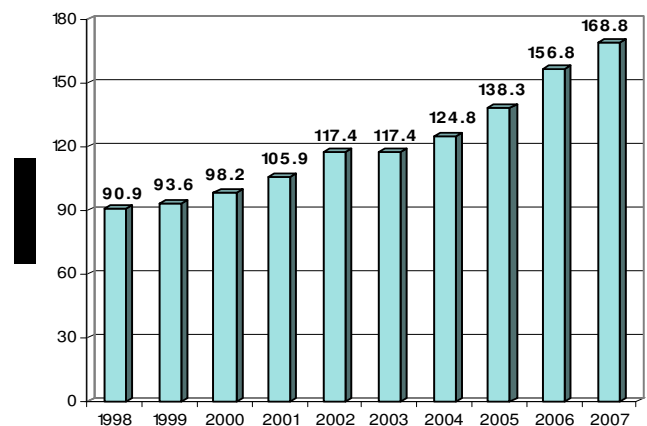
ACCRA Cost of Living Index (4th Quarter 2007)

| Cities | All Items | Food | Housing |
|------------------|-------------|--------------|--------------|
| Asheville | 99.6 | 101.3 | 104.6 |
| Raleigh | 99.3 | 102.1 | 96.7 |
| Charlotte | 89.7 | 99.1 | 75.6 |
| Winston-Salem | 89.8 | 97.7 | 75.4 |
| Columbia, SC | 89.2 | 98.4 | 77.2 |

(100 = The Composite National Average)

Buncombe County Hotel/Motel Sales (Sources: N.C. Department of Commerce & the Asheville Area Chamber of Commerce)

| | <u>Hotel/Motel Sales</u> | <u>% Change</u> |
|------|--------------------------|-----------------|
| 1998 | 90,915,449 | 12.3% |
| 1999 | 93,599,204 | 3.0% |
| 2000 | 98,176,768 | 4.9% |
| 2001 | 105,942,408 | 7.9% |
| 2002 | 117,411,941 | 10.8% |
| 2003 | 117,444,465 | 0.0% |
| 2004 | 124,767,177 | 6.2% |
| 2005 | 138,271,482 | 10.8% |
| 2006 | 156,752,276 | 13.4% |
| 2007 | 168,839,645 | 7.7% |



Asheville's setting, in the heart of a vast and beautiful recreational area, has made tourism an important part of the local economy. The most recent data from the N.C. Department of Commerce indicate that domestic tourism in Buncombe County generated an economic impact of \$645.71 million in 2006, an increase of 10.4% compared to 2005. Buncombe County ranks 5th in travel impact among the state's 100 counties. Over 8,970 jobs in Buncombe County are directly linked to travel and tourism. Growth in hotel/motel sales is a good indicator of the status of the local tourist economy. Hotel/motel sales have grown steadily since 2003.

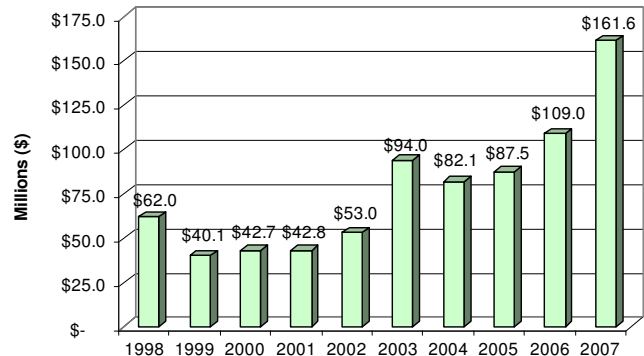
ASHEVILLE COMMUNITY PROFILE

Construction Trends (Source: City of Asheville Building Safety Department)

Residential Permit Valuation

Residential Permit Valuation

| | | <u>% Change</u> |
|------|-------------|------------------------|
| 1998 | 60,867,405 | |
| 1999 | 37,271,779 | -38.77% |
| 2000 | 41,708,329 | 11.90% |
| 2001 | 41,897,612 | 0.45% |
| 2002 | 52,343,315 | 24.93% |
| 2003 | 93,330,295 | 78.30% |
| 2004 | 81,642,524 | -12.52% |
| 2005 | 87,098,910 | 6.68% |
| 2006 | 108,985,834 | 25.13% |
| 2007 | 161,644,733 | 48.32% |

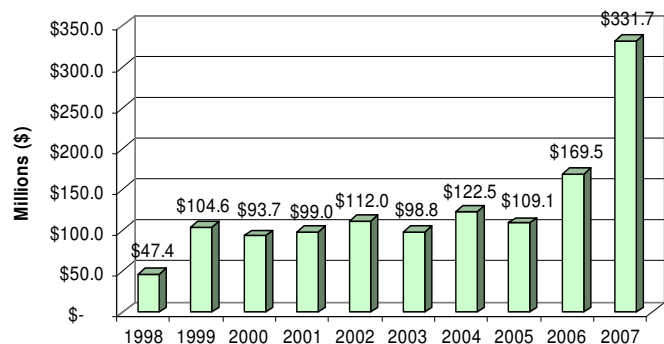


Residential property is the single largest component of the City's tax base comprising 49.9% of the City's total assessed valuation. Trends in residential construction are therefore an important indicator of overall growth in the City's financial capacity. In addition, residential development generally costs more to service than other types of development. Explosive growth in residential construction can thus lead to more demand for services and higher operating costs for City departments. The value of residential construction in the City has been well above historical averages in each of the last four years. Single-family construction values increased significantly in 2007 with a 48% increase.

Commercial Permit Valuation

Commercial Permit Valuation

| | | <u>% Change</u> |
|------|-------------|------------------------|
| 1998 | 47,432,064 | -28.36% |
| 1999 | 104,611,542 | 120.55% |
| 2000 | 93,723,352 | -10.41% |
| 2001 | 98,982,460 | 5.61% |
| 2002 | 111,985,132 | 13.14% |
| 2003 | 98,748,514 | -11.82% |
| 2004 | 122,571,901 | 24.13% |
| 2005 | 109,124,425 | -10.97% |
| 2006 | 169,568,937 | 55.39% |
| 2007 | 331,721,367 | 95.63% |



Commercial property is the second largest component of the City's tax base comprising 34.4% of the City's total assessed valuation. Growth in commercial construction is important for the City's financial capacity and for the overall health of the local economy. Commercial construction activity increased substantially in 1999 and remained steady through 2005. Commercial construction reached a new high in 2006 and again in 2007 with \$331.7 million in new project permits. Major commercial construction projects permitted in 2007 include the Mission Hospital Dogwood Building, the Hilton Hotel, Biltmore Park projects, and the Barnes and Noble Asheville Mall location.